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THE EUROPEAN UNION

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NOTE

From:	Delegations
To:	European Commission
Subject:	Contributions requesting calculations on savings in the context of the Staff Regulations Review

Delegations will find attached contributions from the Austrian, Danish, Dutch, Finnish, German, French, Swedish, United-Kingdom delegations requesting calculations on savings in the context of the Staff Regulations Review.

Contributions from Austrian, Danish, Dutch, Finnish, German, French, Swedish, United-Kingdom delegations to the European Commission requesting calculations on savings in the context of the Staff Regulations Review

Brussels, the 12th July 2012

Following a contribution letter supported by 14 MS that was first presented on 22 June 2011 (document 12240/11 + COR 1 REV 2) and a second letter supported by 18 MS that was first presented on 7 November 2011 (document 17156/11 CORR 1 STAT 43 FIN 903), and in the context of the negotiations on the Multiannual Financial Framework, we once again welcome the Commission's decision to revise the Staff Regulations. We are grateful to the Commission for having shared its initial assessments of the financial impact with the lead Council Working Party on Staff Regulations.

However, we have asked the Commission on various occasions to provide a more thorough and detailed financial impact assessment of its proposal. We have also requested that the Commission provide us with models demonstrating how its proposal will result in cost savings. These requests have still not been met, making it difficult for the Council to arrive at an informed opinion on the review of the Staff Regulations.

With this in mind, at the General Affairs Council in March 2012, a number of MS requested that the Commission provide a model demonstrating where extra savings of €5 billion, €10 billion and €15 billion from its current proposal for 2014-2020 could be found via changes to the Staff Regulations, in line with a similar level of savings being implemented in national civil services. This request has still not been met by the Commission.

It is our view that whilst some of the proposed amendments go in the right direction, the Commission's proposal does not offer sufficient financial savings. Most MS are responding to current economic and fiscal circumstances with efficiency measures or other reforms affecting the terms and conditions of their national civil servants. The staff of the European Institutions should share the burden. We would like to see a similar level of ambition from the Commission with regards to limiting heading 5 expenditure; this is not demonstrated in the Commission proposal which instead would lead to an increase from €55.9 billion for the 2007-2013 period to €70.7[1] billion for the 2014-2020 period.

We therefore ask again that the Commission demonstrate how savings of €5 billion, €10 billion and €15 billion from its current proposal for 2014-2020 could be found via changes to the Staff

[1] All amounts are expressed in current prices.

Regulations. To that end we ask for costings of the specific proposals below, which we think could help achieve more meaningful savings.

1. Pensions

Member States are very concerned about the future increase forecast in expenditure on the pensions of EU staff from €1235 million in 2010 to €2490 million by 2045, at constant prices.

We ask the Commission to calculate the savings that would result from the following possible changes, which could be considered for the future eligible service years of EU staff:

- average wage-based system for the calculation of pensions
- accrual rate of 1.75% (option 1) and 1.5% (option 2)
- staff pension contribution of 40% (option 1) and 50% (option 2), which is in line with actual practice and with trends in other relevant international organisations
- transitional measures regarding the pensionable age for employees starting from the age of 40 (option 1), 45 (option 2) and 50 (option 3) instead of the age of 30.

2. Career structure

Promotion based only on merit is vital to the modernization and attractiveness of the European civil service. This has to be preserved and reinforced by emphasizing the reform launched in 2004. Thus the career structure reform should contribute to limiting automatic pay increases on the basis of seniority. We recognise that there would still need to be fast promotions for the high performing staff.

On this basis, the Commission is invited to make calculations on the following measures which could be implemented in order to produce savings:

- increase the duration of time spent in a step, before a person is automatically promoted to the next one up, from the current 2 years to 3 years (option 1) and to 4 years (option 2)
- lower the promotion rates in a higher grade from the current 20% - 33% to 10% - 25% by rewarding only the high quality of the staff and/or the holding of positions of responsibility
- put a cap on the career progression both for AD and AST employees based on level of responsibility: at AST 9 for employees which have no higher level of responsibility, at AD 11 for employees with non-managerial posts and at AD 13 for heads of units or similar posts.

We would also like to ask the Commission to calculate the impact on pensions using the above mentioned suggestions concerning career structure.

Moreover, we ask the Commission to provide us with data regarding the evolution of EU civil servants' purchasing power during the last 5 years, taking into account raises due to seniority and merit (automatic changes in grade, promotions, etc.)

3. Staff reductions

The Commission is also invited to make calculations on further reductions beyond the proposed 5% and the impact of phasing the reductions in more quickly, respecting the double lock of the MFF negotiating box. The reductions should be accompanied by measures to improve efficiency and by structural reforms so as to maintain the quality of the service.

4. Solidarity levy

The proposed increase of the solidarity levy from 5.5% to 6% is only applied to a part of the basic salary due to exemptions and deductions; it should be further increased.

The Commission is asked to provide calculations on the
following basis in order to increase the revenue from the solidarity levy significantly:

- extending application to pensions
- increasing the rate of the levy
- removing the deductions mentioned in Article 66a of the Staff Regulations
- extending application to allowances.

5. Allowances

We would like to ask for proposals for more ambitious measures with respect to all allowances that would lead to further savings. We therefore ask the Commission to make calculations to this effect, especially concerning the expatriation allowance.

We hope that these examples of savings will lead to a discussion with the Commission that looks at how these ideas might be put into practice and examines the resulting financial savings which might arise from such measures. We look forward to engaging closely with the Commission and hearing its input, for example, on alternative ideas for savings.